

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 PA-03 PRS-01 H-03 SS-15 L-03 EB-11

CIAE-00 INR-10 NSAE-00 RSC-01 NSC-10 RSR-01 /079 W

----- 025406

P 222020Z AUG 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 3340

INFO USIA WASHDC PRIORITY

C O N F I D E N T I A L BUENOS AIRES 6223

E.O. 11652: GDS

TAGS: PINT, PFOR, AR

SUBJECT: EXECUTIVE DECREE AFFECTING FOREIGN WIRE SERVICES OPERATIONS

REF BUENOS AIRES 6154

1. SUMMARY. LOCAL UPI MANAGER REPORTS EXECUTIVE DECREE TO PROSCRIBE FOREIGN WIRE SERVICES FROM DEALING IN LOCAL NEWS WAS PROMPTED BY PERON'S ANGER OVER UNFAVORABLE FOREIGN PRESS TREATMENT AND DESIGNED TO

SERVE WARNING ON BOTH LOCAL AND FOREIGN PRESS AND INDIRECTLY ON USG REGARDING LATTER'S POSTURE TOWARD GOA.

2. WILLIAM MC CALL, MANAGER, UPI, FOR ARGENTINA AND SOUTHERN CONE, CALLED ON DCM AUG 22 TO RELATE ADDITIONAL BACKGROUND ON DECREE REPORTED REFTEL AND TO GIVE HIS ASSESSMENT OF ITS IMPACT.

3. MC CALL SAID FROM A SOURCE IN ECONOMIC MINISTRY, HIS STAFF HAD BEEN TOLD THAT PERON HIMSELF TOOK FINAL DECISION TO HAVE DECREE ISSUED

AND THAT AN IMPORTANT IMMEDIATE CAUSE WAS PERON'S ANGER OVER RECENT TIME MAGAZINE STORY GIVING PHYSICIANS' EVALUATION OF HIS HEALTH. HE ADDED THAT AN ADDITIONAL FACTOR WAS UNHAPPINESS OF SOCIAL WELFARE MINISTER LOPEZ REGA OVER UNFAVORABLE TREATMENT HE HAS BEEN GETTING FROM BOTH LOCAL AND FOREIGN PRESS WHICH IN TURN IS RELATED TO AN INTERNAL POWER STRUGGLE BETWEEN LOPEZ REGA AND ECONOMIC MINISTER GELBARD. M CALL SAID THAT THIS MEASURE HAS BEEN UNDER CONSIDERATION
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SINCE BEFORE MARCH ELECTIONS, BUT ITS EMERGENCE AT THIS MOMENT

HAD NOT BEEN ANTICIPATED AND ITS PEREMPTORY CHARACTER HAD LIKEWISE BEEN UNEXPECTED AND WAS ALREADY CREATING BACKLASH.

4. MC CALL WENT ON TO SAY THAT FROM A VARIETY OF SOURCES HE HAD PIECED TOGETHER INFORMATION FROM WHICH HE DREW FOLLOWING CONCLUSIONS AS TO PROBABLE OBJECTIVES OF THE MEASURE:

A. TO INTIMIDATE LOCAL PRESS WHICH HAS RECENTLY SHOWN SIGNS OF BECOMING LESS THAN ENTIRELY FAVORABLE TO PERON AND ESPECIALLY TO HIS IMMEDIATE ENTOURAGE.

B. TO SOFTEN UP FOREIGN PRESS WHICH HAS BEEN ESPECIALLY CRITICAL OF ECONOMIC MEASURES AND OTHER STEPS TAKEN BY NEW GOVERNMENT.

C. TO SERVE WARNING ON USG TO ADOPT MORE FAVORABLE POSTURE ESPECIALLY AS REGARDS ECONOMIC MATTERS. (STRANGELY ENOUGH, MC CALL SAID ON THIS SCORE AT LEAST ONE OF UPI SOURCES HAD EXPRESSED HOPE THAT THE USG MIGHT BECOME SUFFICIENTLY CONCERNED TO TAKE STEP EQUIVALENT TO MILTON EISENHOWER VISIT IN 1953.)

5. ACCORDING TO MC CALL, THE MEASURE HAS PRODUCED A BACKLASH COMING PREDOMINANTLY FROM SMALL TOWN PRESS AND RADIO STATIONS IN INTERIOR FOR WHOM UPI AND AP LOCAL WIRE SERVICES ARE ESSENTIAL TO ECONOMIC VIABILITY OF THEIR ENTERPRISES. HE SAID GOA APPARENTLY ACTED WITHOUT FULL AWARENESS OF THIS FACTOR AND THERE ARE SIGNS GOA NOW BELATEDLY TAKING TIME OUT TO ASSESS ALTERNATIVES TO UPI AND AP SERVICES. AMONG OTHER DEVELOPMENTS, MC CALL REPORTED A GROUP OF MAJOR BA NEWS-PAPERS IS MEETING TO STUDY POSSIBLE FORMATION OF COOPERATIVE PRESS SERVICE. ALSO, AN INDEPENDENT PRESS SERVICE, SAPORITI, WHICH CEASED OPERATIONS A YEAR OR TWO AGO AND WAS TAKEN OVER BY GOVERNMENT INTELLIGENCE AGENCY SIDE, HAS NOW ANNOUNCED IT WILL RESUME OPERATIONS.

6. MC CALL SAID HE SEES NO POSSIBILITY OF CONTINUED UPI LOCAL PRESS SERVICE, BUT IS NOT UNHAPPY WITH THIS PROSPECT BECAUSE OPERATION HAS BARELY BEEN ABLE TO BREAK EVEN FINANCIALLY. HIS ONLY CONCERN IS POSSIBLE LABOR DISPUTE OVER RETENTION OF 25 EMPLOYEES INVOLVED IN THIS

PART OF OPERATION. HOWEVER, UPI LAWYERS TELL MC CALL AGENCY WOULD NOT BE OBLIGED TO RETAIN THEM AND MC CALL BELIEVES THEY COULD PROBABLY CONFIDENTIAL

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BE PICKED UP IN TIME IF THE COOPERATIVE PRESS SERVICE MENTIONED ABOVE BECOMES A REALITY.

7. REGARDING LOPEZ REGA/GELBARD STRUGGLE, MC CALL SAID IT REVOLVES FUNDAMENTALLY AROUND LOPEZ REGA'S DESIRE FOR LARGE-SCALE INDEPENDENT FUNDING FOR MASSIVE WELFARE OPERATIONS THROUGH HIS MINISTRY. GELBARD IS RESISTING ON GROUNDS THAT ECONOMIC MINISTRY MUST HAVE FIRM CONTROL OVER ENTIRE GOVERNMENT SPENDING. SO FAR THERE HAVE BEEN

FEW SURFACE INDICATORS OF SUCH A STRUGGLE BUT IT IS LIKELY TO SHOW
UP INCREASINGLY NOW THAT GELBARD HAS FORMAL TITLE AND POWERS OF
ECONOMIC CSAR. ACCORDING MC CALL AMONG INCIDENTAL ELEMENTS OF THIS
DUEL IS GELBARD EFFORT TO GAIN CONTROL OF GOVERNMENT ADVERTISING WHICH

IS NOW DISPENSED THROUGH OFFICIAL NEWS AGENCY TELAM OPERATING UNDER
SUPERVISION OF PRESIDENTIAL PRESS SECRETARY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BUENOS06223
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS LODGE
Errors: N/A
Film Number: n/a
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730823/aaaaaquj.tel
Line Count: 123
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: BUENOS AIRES 6154
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 15 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Jan-2002 by martinjw>; APPROVED <06-Feb-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXECUTIVE DECREE AFFECTING FOREIGN WIRE SERVICES OPERATIONS
TAGS: PINT, PFOR, AR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005